

**MINUTES**  
**April 4, 2002**

**Seattle City Employees' Retirement System**  
**Regular Board Meeting**

**Thursday, April 4, 2002 - 9:30 a.m.**  
**Seattle Metropolitan Credit Union**  
**Board Room – 3<sup>rd</sup> Floor**

**Present:** Jan Drago, Norma McKinney, Jim Fletcher, Lou Walter and John Curtin.

**Absent:** Dwight Dively and Frank Mathews.

**Also Present:** Kirk Jones - ARSCE, Roger Howeler – ARSCE, John Al Lunn – ARSCE, Ed Kidd – ARSCE, Ken Leask – ARSCE, Eddie Haw – ARSCE, Russ Teller – ARSCE, Mary Norris – ARSCE, Jim Coover – ARSCE, Jess Tapp – ARSCE, Jack Herold, Russ Russell and Laurie Tish – Deloitte & Touche LLP, Carol Metcalf, Mel Robertson and Norm Ruggles.

**Public Comment:** Dr. Jesse Tapp summarized a request from the ARSCE Board of Directors for support from the Retirement Board for doubling the annual “13<sup>th</sup> check” until the 1.5% COLA for all retirees is implemented. Chair Drago said this request will be discussed as an agenda item during this meeting.

Lou Walter congratulated Mary Norris as the successful candidate who will succeed Jim Fletcher in July as a member of the Retirement Board.

**Minutes:**

Upon motion by Jim Fletcher, seconded by Lou Walter, the Retirement Board approved the minutes, from the March 7, 2002 Retirement Board meeting.

**Ratification of Retired Payroll, Office Payroll, other Billings and Withdrawals:**

**Information:** The following items represent normal expenses and nothing extraordinary.

|             |                 |
|-------------|-----------------|
| Service     | \$ 4,601,614.88 |
| Disability  | 49,193.85       |
| Beneficiary | 584,414.01      |

|                                     |                        |
|-------------------------------------|------------------------|
| <b>Pension Payroll – March 2002</b> | <b>\$ 5,235,222.74</b> |
|-------------------------------------|------------------------|

|   |              |
|---|--------------|
| <b>Office Payroll</b> - pay period ending February 26, 2002 | \$ 22,390.81 |
|---|--------------|

|  |              |
|--|--------------|
| <b>Office Payroll</b> - pay period ending March 12, 2002 | \$ 22,686.34 |
|--|--------------|

|   |                |
|---|----------------|
| <b>Vouchers Processed</b> - from February 27, 2002 through March 25, 2002 | \$ 53,274.64 * |
|---|----------------|

\* \$ 0.00 Expert and Consultant Services

Upon motion by Lou Walter, seconded by Jim Fletcher, the Board ratified the Retired Payroll, Office Payroll, other Billings and Withdrawals.

## Immediate Withdrawal of Contributions

| <b>Member</b>           | <b><u>Department</u></b> | <b><u>Position</u></b>    |
|-------------------------|--------------------------|---------------------------|
| Amlin,Christene M       | Library                  | Library Associate II      |
| Barrett,William         | Law                      | City Attorney-Asst        |
| Bascus,Isobel M         | Library                  | Library Associate II      |
| Benson,Michael Duggan C | Neighborhood             | Comm.Development Spec     |
| Brown,Donald Luther     | Seattle Center           | Usher                     |
| Buchanan, Brian         | Health                   | Dentist                   |
| Crawford,Jerry Ray      | TES                      | Real Property Agent, Sr   |
| Guenther,Kathleen M     | Library                  | Student Librarian         |
| Harris,Cacharel L       | Park                     | Youth Employment Enrollee |
| Jackson,Yvette L        | Park                     | Rec Attendant             |
| Lee,Lawrence Chun-Leung | Light                    | Info Tech Prof            |
| McCullar,Charles E      | Police                   | School Crossing Guard     |
| Minnis,Elizabeth        | HSD                      | Admin Support Assistant   |
| Mutchler,Paul H         | Light                    | Lineworker                |
| Okoroafor,Chris O       | SPU                      | Scale Attendant           |
| Paderes,Jill Morisaki   | Police                   | Admin Spec I              |
| Peterson,Thomas Joseph  | Library                  | Library Associate I       |
| Pilon,Killeen Colette   | Human Services           | Grants & Contract Spec.Sr |
| Read,Susan K            | DCLU                     | Permit Tech               |
| Scott, Owen             | DOIT                     | Mgmt. Sys. Analyst(E)     |
| Shefrin, Denice F.      | DCLU                     | Land Use Plng & Dev       |
| Taylor,Wilma T          | Seattle Center           | Usher                     |
| Tietge, Angela Maye     | Park                     | Accounting Tech I         |
| Warner, Kristine Alice  | Light                    | Firefighter               |
| Wood,Robert W           | TES(SPU)                 | Admin Spec 11             |
| Zehr,Celeste E          | Law                      | Paralegal                 |

## Ratification of Service Retirements:

**Information:** The following list represents the retirements that have been processed since the last Retirement Board meeting.

| <b><u>Member</u></b>  | <b><u>Retired</u></b> | <b><u>Years</u></b> | <b><u>Days</u></b> | <b><u>Department</u></b> | <b><u>Position</u></b>    | <b><u>Age</u></b> | <b><u>Option</u></b> |
|-----------------------|-----------------------|---------------------|--------------------|--------------------------|---------------------------|-------------------|----------------------|
| Apellanes,Ritchie     | 02/28/2002            | 26                  | 271                | City Light               | Electrical Eng Asst. III  | 60                | D,F,G-50             |
| Bernardo,Editha B.    | 02/06/2002            | 11                  | 175                | Finance                  | Accountant,Sr.            | 63                | C5,G-100             |
| Cummings,Terry L.     | 03/02/2002            | 30                  | 270                | City Light               | Electrician-Constructor   | 50                | S,F,G-100            |
| Fifield,John G.       | 03/02/2002            | 38                  | 165                | Seattle Center           | Facilities Lead Worker    | 62                | E,G-50               |
| Gale,Diana H.         | 02/14/2002            | 22                  | 249                | SPU                      | Managing Director         | 60                | A                    |
| Hill,Doris            | 03/01/2002            | 3                   | 327                | Dual Member              | Vested                    | 54                | S                    |
| Iwata,Thomas          | 02/02/2002            | 30                  | 7                  | K.C. Health              | Manager                   | 56                | C20                  |
| McCullough,Michael    | 03/17/2002            | 26                  | 144                | City Light               | Vested                    | 52                | C20,G-100            |
| Nakata,June           | 02/02/2002            | 25                  | 265                | K.C. Health              | Public Health Asst. Lab.  | 64                | S                    |
| Nash,Douglas H.       | 03/02/2002            | 26                  | 304                | City Light               | Journey Worker, Street    | 54                | D                    |
| Ringer,George E.      | 03/02/2002            | 10                  | 53                 | City Light               | Lineworker                | 60                | C5                   |
| Sherwood,Donald       | 02/13/2002            | 30                  | 290                | SPU                      | Sr. Heavy Equipment       | 54                | E                    |
| Weisergerber,Laurence | 03/02/2002            | 27                  | 48                 | SEATRAN                  | Traffic Sign & Marking CC | 62                | C10                  |
| Williams,O.C. Jr.     | 02/13/2002            | 25                  | 4                  | SPU                      | Manager 2, Utilities      | 55                | S,G-100              |

Upon motion by Jan Drago, seconded by Norma McKinney, the Retirement Board approved the service retirements listed above, pending final review.

## Ratification of Investment Transactions and Statement of Securities and Cash:

Upon motion by Jan Drago, seconded by John Curtin, the Retirement Board approved the Investment Summary report.

## **Investment Committee Report:**

It was announced that the Investment Committee is scheduled to meet at noon on Thursday, April 25, 2002 in the Retirement Office.

Norm reported that the Investment Committee, at its meeting on March 28, 2002, met with representatives of the Frank Russell Real Estate Equity Fund. The Committee was concerned about this fund's investment performance. The Committee decided to remove \$2 million from the \$6.6 million invested in this fund.

## **Executive Director Report:**

The following summarizes the Executive Director's monthly report to the Board:

Norm described a request from ARSCE to send their newspaper to all retirees on a one-time basis. Retiree addresses are confidential, so ARSCE would need the Retirement Office's mailing service to do the mailing. ARSCE would pay the costs. Jesse Tapp from ARSCE further explained the request to the Board, and said the mailing probably would be made in a few months. The Board approved the request.

Norm summarized the Retirement Board election results. Jim Fletcher's term will expire on June 30, 2002, and he did not seek re-election. Notice was sent to all Retirement System members giving them an opportunity to apply for election. The time for application has expired and one candidate, Mary Norris, has applied. Since the election is uncontested, there is no need for a vote of the membership, and Mary will replace Jim effective July 1, 2002. The Board and staff extended their congratulations to Mary. Jan Drago and Norm said that a reception will be held just before the June 6, 2002 Board meeting to thank Jim for his service to the Retirement System, and to welcome Mary.

The Retirement System website is now available, and many positive comments have been received. Mel and Norm described a complaint made about including the amount of each retirement allowance and employee withdrawal in the Board meeting minutes which are posted on the website. It was the consensus of the Board to not include specific amounts received by members, but to include the retirement options selected.

The RFP for actuarial services was sent to 14 firms. The contract with Milliman expires on June 30, 2002. After reviewing the proposals submitted, finalists will be selected for interviews. Jim Fletcher will assist Norm and Mel in making a recommendation to the Board.

## **Old Business:**

### **(1) Status of Benefit Enhancements**

Norm informed the Board that the estimated current funding level of the Retirement Fund is 83.68% as of February 28, 2002.

## **New Business:**

### **(1) ARSCE Request for Ad-hoc Doubling of 13<sup>th</sup> Check**

Jess Tapp addressed the Board regarding the request by ARSCE for a doubling of the 13<sup>th</sup> check until the 95% funding level has been achieved and the new COLA provisions are implemented. The Board had read ARSCE's recent written request.

Norm reported that the annual cost of the 13<sup>th</sup> check is approximately \$4M. According to preliminary calculations by Milliman USA, the System has an unfunded actuarial liability with an amortization period of 38 years, as of January 1, 2002. The cost of doubling the 13<sup>th</sup> check for 2 years would increase the amortization period to 41 years, and the cost of doubling the 13<sup>th</sup> check for 3 years would increase the amortization period to 42 years.

Milliman USA has also estimated the cost of extending the pop-up feature to all retirees to be approximately \$8M, and that the amortization period of the unfunded actuarial liability would increase from 38 years to 41 years.

The Board and ARSCE representatives commented on ARSCE's request. To see if doubling the 13<sup>th</sup> check in 2002 is feasible, the Board will review the results of the pending actuarial valuation being prepared by Milliman USA. The Board also asked staff to obtain details from the actuaries on the effect that doubling the 13<sup>th</sup> checks and expanding the pop-ups would have on the funding ratio and amortization period.

### **(2) Audit Report for Year Ending December 31, 2000**

Laurie Tish and Russ Russell from Deloitte & Touche LLP were introduced to the Board. Laurie presented the results of their review of the Year 2000 financial statements and told the Board that there were no problems found and that there are adequate internal controls in place, and they are working well. She then complimented the management of the System. She also offered to provide the Board with educational information regarding the audit and review process at a future meeting.

She said that in the course of the upcoming review of the Year 2001 financial statements, they will work with the System to review administrative procedures in a collaborative effort aimed at reviewing efficiencies.

John Curtin announced that he is planning to retire on May 17<sup>th</sup>, 2002, but is planning to complete his term on the Board, which will expire June 30<sup>th</sup>, 2003.

## **Adjournment**

Upon motion by John Curtin, seconded by Jan Drago, the Retirement Board voted to adjourn the meeting.

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Norma McKinney, Secretary